

Message Text

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ORIGIN EA-10

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DRAFTED BY EA/TB:CLSTERMER:LRR

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R 272045Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY RANGOON

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E.O. 11652: N/A

TAGS: EFIN, BM

SUBJECT: IMF VISIT TO BURMA

1. IMF OFFICIALS TOLD DEPARTMENTAL OFFICERS FEB 25 THAT A FOUR-MAN DELEGATION WOULD BE ARRIVING SOON IN BURMA IN CONNECTION WITH A PENDING IMF STAND-BY ARRANGEMENT AND A SURVEY OF THE TAX STRUCTURE. ONE OFFICIAL, MICHAEL BRUALKE, MAY ARRIVE DURING THE LAST WEEK OF MARCH WHILE THE OTHERS, HEADED BY ALBERT MATERRA, WOULD ARRIVE IN EARLY APRIL. THEY PLANNED TO REMAIN FOR ABOUT A WEEK.

2. MATERRA SAID THAT BURMA HAD APPLIED TO THE UN TO BE PLACED ON ITS LIST OF MSA COUNTRIES IN ORDER TO QUALIFY FOR THE OIL FACILITY. HE STATED THAT THE IMF WAS NOT PARTICULARLY PLEASED WITH THIS EFFORT BECAUSE BURMA WAS NOT AS BAD OFF AS MOST OTHER COUNTRIES ON THIS LIST.

3. ANOTHER IMF OFFICIAL EXPLAINED THAT THE RECENT BURMESE INCREASE IN INTEREST PAID ON SAVINGS DEPOSITS (FROM 2 1/2 PERCENT TO 3 PERCENT), WHILE INSIGNIFICANT,
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REPRESENTED A MAJOR VICTORY BY THE GUB OFFICIAL INVOLVED.

THE OFFICIAL JUBILANTLY RETURNED FROM A CABINET MEETING SAYING THAT A BREAKTHROUGH HAD OCCURRED IN THE PREVIOUS THINKING OF BURMA'S POLICY MAKERS; NAMELY, THAT PERSONS

OR INSTITUTIONS SHOULD NOT BE PAID FOR HANDLING SOMEBODY ELSE'S MONEY. THIS SOCIALIST IDEOLOGICAL STANCE, THE IMF OFFICIAL SAID, WAS DISCARDED YEARS AGO BY OTHER SOCIALIST COUNTRIES; THE BURMESE WERE AMONG THE FEW WHO HAD STEADFASTLY RETAINED THEIR PURITY ON THIS POINT.

4. AS FOR THE RECENT KYAT DEVALUATION, WE ALSO WERE TOLD THAT THE BURMA CENTRAL BANK CHAIRMAN HAD NOT BEEN NOTIFIED OF THIS DECISION UNTIL THE EXACT DAY (JANUARY 25) THAT IT WAS ANNOUNCED, JUST PRIOR TO HIS DEPARTURE FROM THE COUNTRY ON A SHORT TRIP. MUCH ANNOYED, THE CHAIRMAN INSISTED THAT HIS PER DIEM ALLOWANCE BE CHANGED; THE IMF OFFICIAL SAID THAT ONLY A FEW MEMBERS OF THE GUB CABINET MADE THE DECISION IN ORDER TO AVOID UNDUE SPECULATION. KISSINGER

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